



Louisville Gas and Electric Company
220 West Main Street (40202)
P.O. Box 32010
Louisville, Kentucky 40232

October 22, 2004

Elizabeth O' Donnell, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602-0615

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**PUBLIC SERVICE
COMMISSION**

Subject: An Adjustment of the Electric Rates, Terms, and Conditions of Louisville Gas and Electric Company -- Case No. 2003-00433

Dear Ms. O'Donnell:

Pursuant to the Commission's Order dated June 30, 2004, in the above referenced proceeding, Louisville Gas & Electric Company ("LG&E") filed an electric tariff P.S.C. No. 62.1 for the Small Time of Day Service ("STOD") on July 20, 2004. Please accept for filing in accordance with the electric tariff, the calculation of the monthly charge per KWH for customers taking service under the Large Commercial Rate ("LC") for LG&E. LG&E is allowed recovery of the programming costs, not to exceed \$29,050, associated with modifying the customer billing system for the experimental STOD.

The first year recovery is based on the methodology as outlined on Sheet No. 62.1 of the electric tariff and is calculated as follows:

$$\begin{aligned}\text{Program Cost Recovery Factor} &= \frac{\text{Programming Cost} + \text{Lost Revenue}}{\text{Expected KWH Energy Sales for LC Rate}} \\ &= (\$29,050 + 0) / 2,333,894,242 \\ &= \$0.000012 \text{ per KWH}\end{aligned}$$

The first year recovery charge of \$0.000012 will be effective for billing on November 1, 2004.

Please contact me at (502) 627-3324 or Don Harris at (502) 627-2021 if you have any questions about this information.

Sincerely,

Robert Conroy DH

Robert Conroy
Manager, Rates